

Alabama Rural Hospital Flexibility Program

Application Instructions for Supplement A - Conversion to a Critical Access Hospital

Introduction

Alabama hospitals that wish to convert to Critical Access Hospital (CAH) status must complete an Application for Change in License and Supplement A to the Application. The Application for Change in License is required for all hospital license changes. Supplement A is specific to hospitals that are converting to CAHs. These forms are available from the Alabama Department of Public Health (ADPH), Bureau of Health Provider Standards (HPS).

Application Process

- Step 1: Hospital submits an application for a Change in License, Supplement A, and attachments cited on Page 7 to the Bureau of Health Provider Standards, ADPH; P.O. Box 303017, Montgomery, AL 36130-3017. Hospital also submits Medicare Enrollment Application (CMS Form 855A) to their Medicare Administrative Contractor (now known as a 'MAC').
- Step 2: The HPS forwards Supplement A to the Alabama Office of Primary Care and Rural Health (OPCRH). OPCRH reviews the supplement to determine if the hospital meets the eligibility requirements. OPCRH will provide HPS a written Approval or Disapproval of the Hospital's Supplement A.
- Step 3: If OPCRH disapproves the Hospital's Supplement A, HPS will deny the Change in License application, Supplement A, and a copy of the written disapproval from OPCRH will be sent to the hospital with a notification that due to the disapproval of Supplement A, the facility is not eligible to convert to CAH status. There are appeal rights under the Alabama Administrative Procedures Act.
- Step 4: If the hospital is found to be in substantial compliance during the initial onsite survey visit, HPS will grant a new license designating the facility as a CAH, and forward a certification transmittal to CMS recommending certification as CAH.

If the hospital is not in compliance with Conditions of Participation, the HPS notifies the hospital of the deficiencies. The hospital must then develop a Plan of Correction and submit this Plan to HPS. If acceptable, HPS provides the survey information to CMS and recommends changes to CAH status as

of the date the Plan of Correction is completed (or a future date as agreed to by the hospital). The process then proceeds until completed.

If HPS finds condition level deficiencies during the second survey, it will notify CMS and recommend denial of the application. Hospitals may reapply at a later date for CAH designation.

Instructions for Completing Supplement A to Application for Change in License

1. Enter hospital name and address.
2. Enter **current** number of acute care and swing beds.
3. Check appropriate box and enter planned number of beds **after** CAH conversion.
4. Check appropriate box and provide current Medicare Provider Number of date of downsizing/closure.
5. Check appropriate boxes.

For item (b), hospitals in the following counties may qualify for “rural” status under the Goldsmith Modification Formula: Baldwin, Mobile, and Tuscaloosa. Contact the OPCRH for more information. CMS clarified the rural status definition in the June 26, 2014, Memorandum to State Survey Agency Directors (Attachment D and [CMS Ref: S&C: 15-45-CAH](#)):

For item (d), indicate whether the hospital is located more than a 35 mile drive from another hospital or CAH (or 15 miles in areas with only secondary roads or mountainous terrain).

CMS clarified the mountainous terrain definition in the April 19, 2013, Memorandum to State Survey Agency Directors (Attachment D and [Ref: S&C: 13-26-CAH](#)):

“A CAH is eligible, based on location in mountainous terrain, to use the shorter minimum distance from a hospital/other CAH standard if over 15 miles of the roads on the travel route(s) from the CAH to any hospital or another CAH:

- Are located in a mountain range; and
- Have either of the following characteristics:
 - Consists of extensive sections of roads with steep grades (i.e., greater than 5 percent), continuous abrupt and frequent changes in elevation or direction, or any combination of horizontal and vertical alignment that causes heavy vehicles to operate at crawl speeds for significant distances or at frequent intervals; or
 - The roads on the travel route are considered by the State Transportation or Highway agency to be located in mountainous terrain based on significantly more complicated than usual construction techniques required to achieve compatibility between the road alignment and surrounding rugged terrain.

- A letter from the State Transportation or Highway agency specific to the travel route(s) in question is required to support the claim of mountainous terrain.”

The term “Secondary Road” is a road other than a primary road. The 15 miles of secondary road need not be continuous. CMS clarified the primary road definition in the June 26, 2014, Memorandum to State Survey Agency Directors (Attachment D and [CMS Ref: S&C: 15-45-CAH](#)):

A primary road is

- A numbered federal highway, including interstates, intrastate, expressways or any other numbered federal highway (all US highways are by definition primary roads), or
 - A numbered state highway with two or more lanes each way, or
 - A road shown on a map prepared in accordance with the U.S. Geological Survey’s Federal Geographic Data Committee (FGDC) Digital Cartographic Standard for Geologic Map Symbolization as a primary highway, divided by median strip.
6. Confirm that the hospital has or will develop a written policy to maintain an annual average facility length of stay of 96 hours or less.
 7. Confirm that the hospital has signed the necessary agreements and provide a copy of each agreement with this application. Separate agreements for each of the components are not required, but all components must be addressed. A CAH must maintain agreements with one or more hospitals and other providers. Criteria for agreements are as follows:

Referral and Transfer

The agreement must specify:

- Referral and transfer protocol/procedures.
- The roles and functions of personnel involved in the referral and transfer processes.
- Patient information that will be exchanged when a patient is referred or transferred and the means by which this occurs.
- The method for communicating patient information from the receiving hospital back to the CAH and attending practitioner.

Communications

The agreement must specify:

- The patient data that are appropriate to share among network members, the means by which this occurs (e.g., hard copy physically delivered to members, fax, computer, etc.), and when the data are to be shared.
- A plan for routine communication between the CAH and other members of the network on administrative and clinical matters unrelated to specific patients.

Transportation

The agreement must specify:

- Emergency medical services (EMS) providers serving the network and the roles that these providers and other network members play.
- The hours during which emergency services are available at the CAH and procedures for obtaining emergency services when they are not available at the CAH.
- Treatment and transfer protocols.
- A plan for providing non-emergency transportation to patients in the CAH service area.

Credentialing

The agreement must specify:

- A process through which a network hospital provides assistance in CAH physician credentialing or through which the CAH physician credentialing process is integrated with the credentialing process of a network hospital. (Note: The governing board of the CAH retains the responsibility for granting medical staff privileges to members of the CAH medical staff).

Quality Assurance

The agreement must specify:

- A process through which the State Peer Review Organization (PRO) or a network hospital supports and provides assistance to the CAH Quality Assurance process or through which the CAH Quality Assurance process is integrated with the Quality Assurance process of a network hospital.
8. To be eligible for conversion to a CAH, a hospital must complete a Community Needs Assessment, Financial Feasibility Study, Medical Staff education, and

community education and submit documentation of these activities with their application. Guidelines for carrying out these tasks are as follows:

Community Needs Assessment

A Community Needs Assessment is intended to determine the health care needs of the community and to identify areas in which service growth and development may be required.

At minimum, a Community Needs Assessment must include a description of the service area of the CAH in terms of geography, demographics, and socioeconomic status, etc.

It is not necessary that a hospital applying for CAH designation conduct an entirely new Community Needs Assessment if other information is available. For example, recent planning and marketing studies (those completed within the past three years), including strategic plans, patient origin and destination studies, and community opinion surveys, may include much of the above information and can be submitted to fulfill this requirement. Other health care agencies, such as local Public Health Departments may also conduct periodic needs assessments that may be useful in this process.

Financial Feasibility Study

The Financial Feasibility Study is intended to assess the financial impact that CAH conversion will have on the hospital. The OPCRH and the Alabama Hospital Association may have resources through the Medicare Rural Hospital Flexibility (Flex) Grant to provide sources to conduct a CAH Financial Feasibility Study at no cost to a hospital. Hospitals may choose another entity to complete the Financial Feasibility Study, but any costs associated with this study must be borne by the hospital. A Financial Feasibility Study must include:

- An assessment of the effects of the 96-hour average length of stay requirement on inpatient utilization;
- An assessment of the effects of changes in utilization on hospital costs;
- An assessment of the effects of changing from present Medicare Hospital Payment systems to cost-based payment; and
- A comparison of facility financial performance as a hospital and as a CAH.

Community and Medical Staff Education

Community and Medical Staff understanding of the potential effects of CAH conversion is essential to successful operations as a CAH. The hospital should conduct a formal process to inform interested and affected parties of the conversion

and receive and listen to input on the plans. Documentation of this education process must be provided with this application. Such documentation may include minutes of Medical Staff meetings at which CAH operations are discussed, copies of educational materials, etc.

9. Hospital must meet general acute care hospital standards as set forth by the ADPH's licensure rules.

10. The application must be signed and dated by the hospital administrator.

Contacts

The following agencies are available to provide information and technical assistance on the program and the application process:

Division of Provider Services
Alabama Department of Public Health
RSA Tower, 201 Monroe Street
Suite 710
Montgomery, AL 36130-3017
(334) 206-5175 (phone)
(334)206-5219 (fax)

Alabama Hospital Association
500 N. East Blvd.
Montgomery, AL 36117
(800) 489-2542 (phone)
(334) 270-9527 (fax)

Office of Primary Care & Rural Health
Alabama Department of Public Health
RSA Tower, 201 Monroe Street
Suite 1040
Montgomery, AL 36104
334-206-5396 (phone)
334-206-5434 (fax)

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Completion Checklist

Completed	Have you...
	Filled in all appropriate blanks and boxes on Change in License and Supplement A
	Attached copies of all network agreements
	<ul style="list-style-type: none"> • Patient Referral and Transfers
	<ul style="list-style-type: none"> • Communication Between Network Members
	<ul style="list-style-type: none"> • Emergency and Non-emergency Transportation
	<ul style="list-style-type: none"> • Credentialing
	<ul style="list-style-type: none"> • Quality Assurance
	Attached a copy of the Community Needs Assessment
	Attached a copy of the Financial Feasibility Study
	Attached documentation of the Medical Staff Education Process
	Attached documentation of the Community Education Process
	Signed the application